



**Contact:**

Ellis Smith

[esmith@chattanooga.gov](mailto:esmith@chattanooga.gov)

770.331.7191 (cell)

FOR IMMEDIATE RELEASE

## **Chattanooga Mayor Tim Kelly Reaches Agreement To Revitalize Blighted Industrial Site**

*\$100 million North River Commerce Center project will create 800,000 square feet of high-end industrial space, up to 600 new jobs*



**Chattanooga, Tenn. (Monday, April 25)** — Chattanooga Mayor Tim Kelly on Monday announced an agreement with Chattanooga firm Rise Partners to move forward on the revitalization of an obsolete Hixson industrial site that once employed more than 5,000 workers.

The revitalization will address an acute shortage of industrial site in the city, which has lost a number of projects due to lack of available space, while employment at the former Dupont facility — which was constructed at the end of World War II and once employed thousands — has dwindled to fewer than 500 workers under a succession of owners.

The \$100 million project will replace the existing nylon production facility with 800,000 square feet of modern Class A industrial space, with the potential to create up to 600 direct jobs, not including additional indirect jobs and construction work. As part of the agreement, the developer is also in talks to preserve additional land along the river for green space.

“At a time when Chattanooga has lost potential employers because of the lack of Class A industrial space, this project represents a major stride toward attracting good-paying jobs, while at the same time taking steps toward a more sustainable future,” said Chattanooga Mayor Tim Kelly. “I’m particularly thankful for Jim Coppinger’s partnership on this project, which would not have moved forward without the support of both the city and county.”

The city will spend no cash as part of the deal. Rather, the city is enabling the project to take place by giving back a portion of the increase in taxes, or tax increment, that occurs as a result of improvements to the site, giving the developer time to complete the project and bring in a tenant.

This funding mechanism, known as tax increment financing, is specifically designed to allow cities to revitalize blighted industrial sites and spur new economic development that will create jobs and bring in new property tax revenue.

Here’s how it works: all current tax revenue from the site continues to flow into the city and the county, including to the school system. As the taxable value of the site increases, about half of the new tax revenue goes back to support the construction project, while the other half of the new tax revenue flows into Hamilton County Schools and the city budget.

Specifically, 100 percent of all existing tax revenue will continue to be collected by both the city and the county. Over the course of the project, the city will keep 40 percent of all new tax revenues, with 60 percent of all new tax revenues going back to support the project. Hamilton County will designate the regular amount of new tax revenue — 45.2% percent — to support schools, with the rest going toward the project.

The city and county will begin collecting 100 percent of both existing and new tax revenue once \$10 million in incremental revenue has gone back to the project.

“This is a great opportunity for the city to move a much-needed industrial project forward without giving up current tax revenue, allowing the site to fuel itself through its own growth,” said Jermaine Freeman, senior advisor for economic opportunity and interim administrator for the Chattanooga Department of Economic Development. “Much like Enterprise South, which attracted Volkswagen by incorporating both a green space and a developed industrial space, this project can stimulate the creation of modern industrial jobs that are critical to Chattanooga’s future.”

At present, Rise Partners has an option to buy the 88-acre parcel currently owned by Kordsa, which will be converted into a purchase when the tax increment financing agreement is complete. The tax increment financing process is overseen by Chattanooga’s Industrial Development Board, and approved by Chattanooga City Council.

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